

Message Text

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TO SECSTATE WASHDC 3513

C O N F I D E N T I A L BERN 5208

EO 11652: GDS

TAGS: EFIN MASS SZ

SUBJ: ROOSA BONDS AND OFFSET

1. LAST NIGHT FRITZ LEUTWILER, PRESIDENT OF THE SWISS NATIONAL BANK, TOLD ME HE HAS BEEN SUCCESSFUL OVER THE PAST SEVERAL WEEKS IN WORKING OUT ARRANGEMENTS WITH THE NEW YORK FED AND OTHER U S MONETARY AUTHORITIES TO RETIRE ABOUT \$3 BILLION WORTH OF ROOSA BONDS THROUGH A SERIES OF SWAP ARRANGEMENTS. LEUTWILER INDICATED THAT THE SWISS HAD AGREED TO "SPLIT THE DIFFERENCE" AND ABSORB A LARGE PROPORTION OF THE GAP REPRESENTED BY THE APPRECIATION OF THE SWISS FRANC OVER THE PAST FEW YEARS. HE REMARKED RUEFULLY ON HOW MUCH MONEY THE SWISS NATIONAL BANK COULD HAVE MADE IF IT HAD CONVERTED THE ASSETS REPRESENTED BY THE ROOSA BONDS INTO GOLD WHEN THIS WAS STILL POSSIBLE.

2. AFTER HAVING TOLD ME, IN EFFECT, "LOOK WHAT WE HAVE DONE FOR YOU," LEUTWILER TURNED THE CONVERSATION TO THE QUESTION OF OFFSET, AND EXPRESSED "DEEP DISAPPOINTMENT" THAT WE HAVE NOT PERFORMED BETTER THAN WE HAVE IN PRODUCING SUBSTANTIAL, VISIBLE PROGRESS. USING ARGUMENTS WHICH ARE BY NOW FAMILIAR, LEUTWILER EMPHASIZED THE POLITICAL IMPORTANCE IN SWITZERLAND OF SUCCESSFUL PERFORMANCE BY US IN OFFSET. THINKING OVER THE PAST, HE SAID IT MAY HAVE BEEN A MISTAKE TO GET INTO THE

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OFFSET ARRANGEMENT IN THE FIRST PLACE. ONCE WE ARE

IN IT, HOWEVER, WE MUST TRY TO MAKE IT SUCCEED. HE
ALSO MENTIONED IN PASSING THE NEED TO MAKE OTHER MILITARY
PURCHASES FROM US.
DAVIS

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Message Attributes

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